



State of Utah

Department of Natural Resources

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Division of Oil, Gas & Mining

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July 5, 2006

Daniel A. Jensen
Parr, Waddoups, Brown, Gee, and Loveless
185 South State Street, Suite 1300
Salt Lake City, Utah 84111-1537

Subject: Bonding and Reclamation Responsibilities for Lessees/Sublessees, Earth Energy Resources, Leonard Murphy #1 Mine, M0190059, Grand County, Utah

Dear Mr. Jensen:

I have received and reviewed your letter of June 20, 2006, regarding reclamation obligations of lessees and sublessees. The R647 rules require an "operator" to submit a notice of intention and a reclamation surety and for the "operator" to perform reclamation. For example, rule R647-4-111 says, "During reclamation, the operator shall conform to the following practices . . ." The rule subsequently lists standards to which reclamation must be completed.

"Operator" is defined in R647-1-106 as ". . . any natural person, corporation, association, partnership, receiver, trustee, executor, administrator, guardian, fiduciary, agent, or other organization or representative of any kind, either public or private, owning, controlling, conducting, or managing a mining operation or proposed mining operation." The rules include no mention of lessees or sublessees.

The operator is the entity to which the Division would look for completing reclamation. If the operator did not complete its reclamation obligations, the Division would forfeit the reclamation surety submitted by the operator. If this bond was insufficient to complete reclamation, the Division would look to the operator to provide any needed additional funds. The lessee or the sublessee would only be obligated to provide additional money if they were the operator.

I hope this answers your questions, but if not, please feel free to contact me. I can be reached by telephone at 801-538-5261, by regular mail at the address shown above, or by e mail at paulbaker@utah.gov.

Sincerely,



Paul B. Baker
Reclamation Biologist
Minerals Regulatory Program

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